

**MINUTES
IOWA COMPREHENSIVE PETROLEUM UNDERGROUND STORAGE TANK FUND
PROGRAM**

January 26, 2007

**COMMISSIONER'S CONFERENCE ROOM
IOWA INSURANCE DIVISION, 330 EAST MAPLE STREET
DES MOINES, IOWA**

Susan Voss, Chairperson, called the Iowa UST Board meeting to order at 10:03 A.M. A quorum was present. Roll call was taken with the following Board members present:

Delia Meier (via telephone)
Doug Beech
Jim Holcomb
Jeff Robinson

Also present were:

David Steward, Attorney General's Office
Scott Scheidel, Program Administrator
Lacey Skalicky, Program Administrator's Office
James Gastineau, Program Administrator's Office
Elaine Douskey, Iowa Department of Natural Resources

APPROVAL OF PRIOR BOARD MINUTES

The minutes from the December 7, 2006 meeting were reviewed. Mr. Beech moved to approve the minutes, Mr. Holcomb seconded the motion, and by a vote of 4-0, the minutes were approved.

CLOSED SESSION

Ms. Voss noted there were no matters dealing with litigation for discussion in closed session pursuant to Iowa Code Chapter 21. Therefore no closed session convened.

PUBLIC COMMENT

Ms. Voss requested any comments from the public present. There were no comments at this time.

BOARD ISSUES

A. Legislative Update

Mr. Scheidel noted that the new Governor would soon present budget recommendations, but he didn't expect the UST Board to be mentioned in the initial proposals. He noted the Department of Natural Resources (DNR) had put in their legislative initiatives, one being the transfer of the UST installer licensing program from the UST Board to the DNR. Their initiatives would encompass the current contractor licensing program, as well as, licensing contractors who remove UST systems.

Mr. Scheidel noted that he had drafted a letter for legislators to update them on the progress of the UST Fund Board. Board members had been given the opportunity to review what was to be distributed. Mr. Scheidel reported that he had attended some committee meetings early this session, and he stated that some of the focus of the environmental protection committee in the House had shifted somewhat to agricultural issues. In addition to the letter to legislators, Mr. Scheidel included the historical (10 page) document discussing the status of the Iowa UST Fund, as discussed each year at the Annual Strategic Planning Session of the Iowa UST Board.

Mr. Robinson inquired about a statement in the letter in the fourth paragraph, "Actual ultimate liability is likely to be significantly higher than the \$80 million." The statement referred back to previously stated "liabilities estimated at \$80.2 million for claim payments based on current individual claim reserve totals and estimated expenses." Mr. Robinson questioned what evidence existed to qualify the statement that liability would be 'significantly' higher. Mr. Scheidel explained that files which remained open have continued to develop beyond their currently stated reserves. Mr. Robinson didn't believe the Total Reserves for all claims had increased at all since August 2005. Mr. Scheidel noted that the number of open files was decreasing, while the total reserves for all files was static. Mr. Robinson also stated the estimated liabilities quoted in the letter at \$80.2 million should be \$77.4 million. The \$80.2 million may have included potential liabilities of tank closure and plastic water line claims, which are paid out of the Unassigned Revenue Fund. Mr. Scheidel stated he would remove the word 'significantly' and change the liabilities to \$77.4 million to reflect only global settlement, innocent landowner, remedial and retroactive claims. He stated the legislative letters would be mailed out that afternoon.

B. Status of the LPT with PMMIC

Mr. Scheidel discussed the status of the planned loss portfolio transfer of claims to PMMIC. He explained that PMMIC had received agreements and UST waivers from 8 of the 14 parties considered for transfer. He stated that he expected to include 10 sites in the final transfer agreement. He stated he would report the final dollar amount of the transfer as soon as it was known.

C. RBCA Recalibration Update

Mr. Scheidel updated the Board regarding the regular meetings of the review group. He stated that he had met with DNR staff outside of the regular group meeting to discuss select issues. One issue to be discussed would be ‘how safe is safe enough?’ Mr. Scheidel reported that LaDon Jones had estimated the current RBCA software to be approximately 570% overprotective above the actual plumes. Another issue to be discussed involved how to address sites currently working, so that work would not stop for a reassessment. After these decisions were agreed upon, Mr. Scheidel expected some plan in place by June 30, 2007. Elaine Douskey with the DNR offered a clarification that the current RBCA software was much more overprotective for drinking water well receptors, more specifically, and not as excessive for other receptors’ target levels.

D. Transfer from Revenue Fund to Unassigned Revenue Fund

Mr. Scheidel presented the Board with a letter from Michael Fitzgerald, Treasurer, State of Iowa, recommending the transfer of the remaining funds in the UST Revenue Fund to the Unassigned Revenue Fund. Mr. Fitzgerald reported in the letter that the amount remaining to transfer was \$7,575,211.87, and the debt service for the current semi-annual period had just been paid.

Mr. Holcomb made a motion to approve the transfer of funds from the Revenue Fund to the Unassigned Revenue Fund. Mr. Beech seconded the motion, which was approved 4-0.

E. Transfer from Unassigned Revenue Fund to Remedial Non-Bonding Fund

Mr. Scheidel presented the Board with a memo reporting that the balance of the Remedial Non-Bonding Fund was down to approximately \$1.2 million. He stated the Board had approved a transfer of \$10 million from the Unassigned Revenue Fund to the Remedial Non-Bonding Fund in the fiscal year 2007 budget. Mr. Scheidel recommended the transfer be made as soon as possible to allow for continuous remedial and retroactive claim payments.

Mr. Beech made a motion to approve the transfer of funds from the Unassigned Revenue Fund to the Remedial Non-Bonding Fund. Mr. Holcomb seconded the motion, which was approved 4-0.

F. DNR Update

Elaine Douskey reported that DNR staff would be presenting at several upcoming professional meetings including the Petroleum Marketers and Convenience Stores of Iowa (PMCI) Expo in February. Also, the California State Water Resources Control Board had invited Iowa DNR staff to attend their annual conference to present about Iowa’s experiences with renewable fuels and the compatibility of those fuels with tanks. She explained that DNR tank staff would be participating in the national tanks conference in San Antonio, TX in March at a higher capacity than in previous years and more staff would attend due to presentation commitments at different sessions, including a renewable fuels session.

Ms. Douskey reported that the core application database went live on January 17th, and they were working on bugs and the reporting capability of the system. And DNR staff continued to work with their developer on the inspection database, which would include the contractors' licensing program. DNR also met with Aon to discuss the contractors' licensing program details in preparation for the transition of the program from the UST Board to the DNR. A second inspector certification training was held in December, and the DNR had currently 19 certified inspectors on their list.

She stated that a memo went out to all owners/operators instructing them to use certified inspectors for their sites' compliance inspections by the end of the year. She said they would explain the requirement in more detail to owner/operators at the PMCI Expo, as well as, explaining their new system for UST tag renewals.

DNR had planned a meeting with field office staff to discuss compliance audits. In addition, the field office staff would discuss how to transition into LUST inspections and evaluating free product sites that may not be sufficiently recovering the free product. She explained that the Des Moines field office staff had put together an inspection form specific to LUST sites to aid with the meeting. Also, she mentioned that DNR had two Environmental Specialist positions open in the LUST section.

Lastly, Ms. Douskey stated that DNR had submitted their package to the legislature, and they had received comments back. She stated they would continue to work with Mr. Scheidel and Mr. Steward regarding the language used in their legislative package. Mr. Scheidel mentioned to the Board that Elaine had been a huge asset to the Board in her position at the DNR, and regular meetings with the DNR had been reinstated and were more productive than before.

PROGRAM BILLINGS

Mr. Scheidel presented the current monthly billings to the Board for approval.

1. Aon Risk Services\$ 118,222.00
Consulting Services – January 2007 (\$65,638.00)
Claims Processing Services – January 2007 (\$52,584.00)
2. Aon Risk Services.....\$118,222.00
Consulting Services – February 2007 (\$65,638.00)
Claims Processing Services – February 2007 (\$52,584.00)
3. Aon Risk Services.....\$3,000.00
New Community Remediation Projects in 2006 (1)
4. Attorney General's Office\$8,702.20
Services provided for Underground Storage Tank Program
December 2006 billing

No additional billings for outside cost recovery counsel were presented by the Attorney General's office for this meeting. On a motion by Mr. Holcomb and a second by Mr. Beech, the billings were approved by a vote of 4-0.

MONTHLY ACTIVITY REPORT

Mr. Scheidel noted that the November and December activity reports, financial reports and opt-in reports were in the Board packets. In addition, Mr. Scheidel distributed a report for the claims resulting from the 2004 legislation passed with regard to the closure of upgraded underground storage tanks (UST's) and the closure or upgrade of aboveground storage tanks (AST's). The total cost of AST claims was \$11,217,932.11. The total cost of upgraded UST closures was \$938,413.15. Both programs implemented by the 2004 legislation had ended December 31, 2006.

ATTORNEY GENERAL'S REPORT

Mr. Steward stated that he had nothing to report to the Board at this time.

CLAIM AUTHORITY

Mr. Gastineau presented the following claim authority requests:

1. Site Registration 8606551 – Casey's Marketing, Earlham

This site was classified as high risk for the soil vapor pathways. An excavation was completed in 1992, however some contamination remained. The proposed course of action was a second excavation with the removal of the UST's and pump islands. Previous authority to \$75,000 had been granted, of which \$78,807.96 was expended to date. Additional authority to \$135,000 was requested for implementation of an excavation.

A motion to approve the claim authority was submitted by Mr. Holcomb and seconded by Ms. Meier. Approved 3-0. Mr. Beech abstained from the discussion and the vote.

2. Site Registration 8600690 – Andy's Mini Mart, Riceville

This site was classified low risk for groundwater to vapor pathways. Free product was minimal and on-site; recovery was on-going. Annual costs were relatively low, but long term. Previous authority to \$75,000 had been granted, of which \$83,873.47 was expended to date. Additional authority to \$125,000 was requested for a site monitoring report (SMR) and free product recovery (FPR).

Mr. Holcomb submitted a motion to approve the claim authority, and Mr. Beech seconded the motion. Approved 4-0.

3. Site Registration 8606099 – Ethel Cozad, Blue Grass

This site was high risk for the groundwater ingestion pathway for one drinking water well. The site was also low risk for the potential enclosed space pathways. Previous authority to \$75,000 had been granted, of which \$81,538.81 was expended to date. Additional authority to \$112,500 was requested for a SMR and FPR.

A motion to approve the claim authority was submitted by Mr. Holcomb and seconded by Mr. Beech. Approved 4-0.

4. Site Registration 8607450 – Kwik Shop, Des Moines

This site was high risk for groundwater to plastic water lines for an eight inch and a twelve inch main. The costs of replacing the plastic water line were determined to be prohibitive. BIOX infection was chosen as the best remedial alternative. A second injection of BIOX may be necessary. Previous authority to \$75,000 had been granted, of which \$55,195.37 was expended to date. Additional authority to \$300,000 was requested for a SMR, corrective action design report (CADR) and implementation of the CADR.

A motion to approve the claim authority was submitted by Mr. Holcomb and seconded by Mr. Beech. Approved 4-0.

CONTRACTS ENTERED INTO SINCE THE OCTOBER 26, 2006 BOARD MEETING

The Board had entered into a contract addendum with Seneca Environmental Services to extend the community remediation project in Conesville, Iowa for one year.

OTHER ISSUES

Mr. Scheidel stated the UST/LUST Conference would be held in San Antonio, TX in March. He clarified that the UST Fund Administrators' Conference was held each year in June, and any Board member was welcome to attend.

The next meeting of the Iowa UST Fund Board was scheduled for Friday, February 23, 2007 at 10:00 A.M.

CORRESPONDENCE AND ATTACHMENTS

Ms. Voss asked if there was any further business, and there being none, Ms. Meier moved to adjourn, and Mr. Holcomb seconded the motion. By a vote of 4-0, the Board adjourned at 10:46 A.M.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Scott M. Scheidel". The signature is written in a cursive, flowing style with a large initial 'S'.

Scott M. Scheidel
Administrator